



# United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240



APR 26 1999

Honorable Dianne Feinstein  
United States Senate  
Washington, D.C. 20510

Dear Senator Feinstein:

This letter is in response to your request for information regarding the status of appropriated funds in the Bureau of Reclamation's budget for use to carry out the Bay-Delta Ecosystem Restoration Program.

## Bay-Delta Ecosystem Restoration Program Expenditures

In September 1996, President Clinton signed the California Bay-Delta Environmental Enhancement Act (P.L. 104-333) (Bay-Delta Act). That statute authorized three years of funding for ecosystem restoration activities at \$143.3 million per year for Fiscal Years 1998, 1999, and 2000. The Congressional authors of the Act set this program up with "no year" funds that could be carried from one year to the next and beyond Fiscal Year 2000.

We believe that the Program has achieved a high level of success as measured in quality of projects funded and project approval and obligation rate. Federal agencies worked with our state partners and the CALFED staff to develop a project approval process that assured we selected the highest priority ecosystem restoration projects based on the CALFED Ecosystem Restoration Program. For a project to be funded, a proponent proposes it, scientific and technical teams review it, and stakeholders provide their input before it goes to the CALFED Policy Group and the Secretary of the Interior for approval. This process is thorough to ensure selection of high quality projects.

After the reviews and final approvals, Reclamation sets aside the total amount of funds necessary to complete a project. Most of these are multiple year projects. Many will take three years to complete and some may take five to seven years (see attached example). Reclamation pays the contractor or agency based on work completed and invoices received. Accordingly, even though Reclamation has obligated the funds to specific projects, funds are not spent until Reclamation documents that work has been done satisfactorily. It is for this reason that expenditure rates significantly lag behind the obligation rates for these projects. Given this, the rate of approval by CALFED and Interior and rate of obligation are better measures of progress in the administration of the program, than is the expenditure rate.

In FY 1998, the Administration requested full funding of \$143.3 million and estimated that only \$50 million would actually be "outlayed." We have now obligated \$73 million of the FY 1998 appropriation of \$85 million. By "obligated," we mean that Reclamation has signed either inter-agency agreements with other agencies or contracts with private entities. CALFED and Reclamation have allocated the remaining \$12 million of "unobligated" FY 1998 money to specific projects that Reclamation is managing. Accordingly, it is not technically "obligated" on Reclamation's account.

With respect to the \$75 million of FY 1999 appropriations, Secretary Babbitt has already approved \$65 million for projects, of which Reclamation has obligated \$1.9 million. We expect to select additional projects based on responses to the Project Solicitation Proposal that CALFED sent to the public in February. We anticipate CALFED will identify and Interior will approve projects for all FY 1999 money by the end of July 1999. Furthermore, we anticipate that most, if not all, of the funds will be obligated by the end of this fiscal year.

In summary, Congress appropriated \$85 million in FY 1998 and \$75 million in FY 1999. Out of the \$160 million authorized in FY 1998 and FY 1999 for Bay-Delta Ecosystem Restoration, Secretary Babbitt has approved \$150 million for projects (and general programs), the Bureau of Reclamation has obligated \$74.9 million to other agencies or entities, and Reclamation has actually paid \$9.6 million to contractors for work done (see attached table).

In closing, we believe we are making good use of the funds appropriated by Congress. As you know, the CALFED Ecosystem Restoration Program is a critical component of California's overall long-term water and environmental management system. It is an unprecedented undertaking that the Administration and Californians are committed to implementing successfully.

Again, I want to thank you for all of your assistance on this and other matters before the Department.

Sincerely,

Patricia Beneke

Patricia J. Beneke  
Assistant Secretary  
for Water and Science

Enclosures

1. Example of Rate of Expenditures
2. Program Status of Projects and Programs

bcc: Secretary's File      Secretary's RF (2)  
WS (2)      Beneke/Brown/Cottingham  
WS:Dcottingham:glb:208-4811:4/21/99